

TO: House Appropriations Committee

FROM: Lake County Board of Commissioners

DATE: January 13, 2011

RE: HB 56 ENTITLEMENT SHARE BILL

We are dedicated to a partnership among state, county, city and school districts that is based on mutual trust and respect for local authority. This partnership will enable all governments to respond to the demands of their citizens in the 21st century through a revenue system that is simple, understandable, equitable, stable and adequate and through a revenue collections and distribution system that is simple, efficient, accurate and timely.

This bill does not provide for the goal of serving the best interests of the taxpayer and would diminish the counties ability to provide services to the public. This entitlement share is required to help provide for the fluctuating costs of providing services. As you know the costs of fuel and services has increased over time. Fuel alone has increased substantially and is predicted to hit over \$5.00 a gallon. This will be devastating to Road Departments and Sheriff's Offices for example.

This was originally set with a growth factor for the above stated reasons. The state agreed that this was a fair and equitable formula to allow counties to keep pace with ever changing revenue requirements.

The Board of Lake County Commissioners strongly opposes HB 56 Entitlement Share Bill.

January 13, 2011

Honorable Representative Walter McNutt,

My name is William "Bill" Nyby and I am a Sheridan County Commissioner in Plentywood, MT. I am contacting you in regards to HB 56, Entitlement Share Bill, sponsored by Representative Tony Belcourt.

The Local Government Entitlement Share program was crafted in year 2000 by the Local Government Funding and Structure Committee and the Montana Association of Counties, in cooperation with the Montana League of Cities. It was named the "Big Bill" in the 2001 legislative session and became law in 2001.

This legislation streamlined the transfer of monies being collected by the counties for the State of Montana at that time and it also provided for accountability of these collections. It was an extremely complicated mess prior to the enactment of the "Big Bill". The counties received their share of these collections through the Entitlement Share Program.

Prior to this legislation, there was great tension and animosity between the counties and the State. Working together on the "Big Bill" brought the two entities closer together and a mutual trust developed that was not there before.

The growth factor formula incorporated into the Entitlement Share program provided for an increase in the entitlement revenue to the counties as the economy of the State grew. This legislation was a win-win for the State and the counties.

Now as the State is struggling with a shortage of revenue, the executive branch is grasping at straws to gather whatever revenues they can to balance the State budget. Eliminating the growth rate formula and replacing it with a locked in percentage and eliminating the 3/5 vote in each house to reduce entitlement share payments to the counties will do irreparable damage to the trust factor that has grown between the State of Montana and the counties since 2001. I am sure the tension and animosity will return and the counties will carry a lasting scar for many years to come that will take a long time to heal when dealing with the State. It would be a shame to lose this mutual trust that both entities have for each other.

Many of the current legislators were not around when this legislation was agreed upon and they do not understand all the work that went into this mutual agreement between the legislators and the counties.

I am urging you to vote against this bill and continue the trust that the counties have in our distinguished legislators. Thank you.

BOARD OF COMMISSIONERS

BIG HORN COUNTY

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January 13, 2011

House Appropriations Committee
Walter McNutt, Chairman
State of Montana
Helena, MT 59620

RE: House Bill 56 - Entitlement Share Payments

Dear Chairman McNutt and Committee Members:

We, the Board of Commissioners, Big Horn County, hereby express our opposition to House Bill 56 to change the growth factor for the entitlement share pool to a fixed 0.76% beginning with fiscal year 2012. This change would result in a significant loss of revenue for Big Horn County. Be advised for FY 2011, Big Horn County had a 17.3% growth factor increase.

Please carefully review the Fiscal Note for House Bill 56 and consider the effects to the local governments. Thank you for your time and consideration.

Very truly yours,

BOARD OF COMMISSIONERS
BIG HORN COUNTY, MONTANA

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